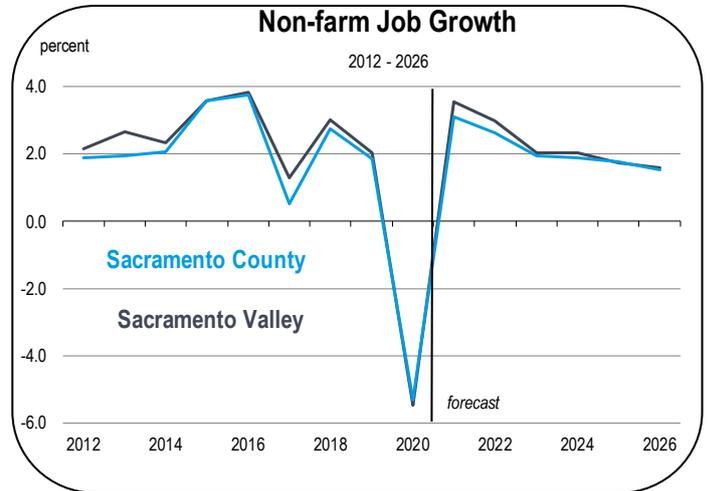


Sacramento County Economic Forecast

Forecast Summary

- A relatively high rate of home building, positive population growth, and expanding job opportunities will contribute to a relatively fast recovery and positive outlook for Sacramento County over the next 5 years.
- Among the larger counties in the state, Sacramento is runner-up to Riverside in the potential for both population and job growth over the forecast horizon.
- In Sacramento and Riverside counties, housing is affordable, there is positive net in-migration, and both professional and population serving jobs are being created.
- Both Sacramento County and Placer County are becoming emerging hubs for technology firms largely because giants HP, Intel, Aerojet Rocketdyne, Oracle, and Apple already have prominent locations in the region.
- On an annual average basis, 19,900 non-farm jobs will be restored in Sacramento County during 2021.
- A full labor market recovery is expected by 2022.
- The unemployment rate averaged 9.3 percent in 2020.
- The unemployment rate is expected to average 6.3 percent in 2021.
- Home prices increased unexpectedly in 2020, rising by 10 percent. Prices are forecast to increase by another 5 to 7 percent in 2021.

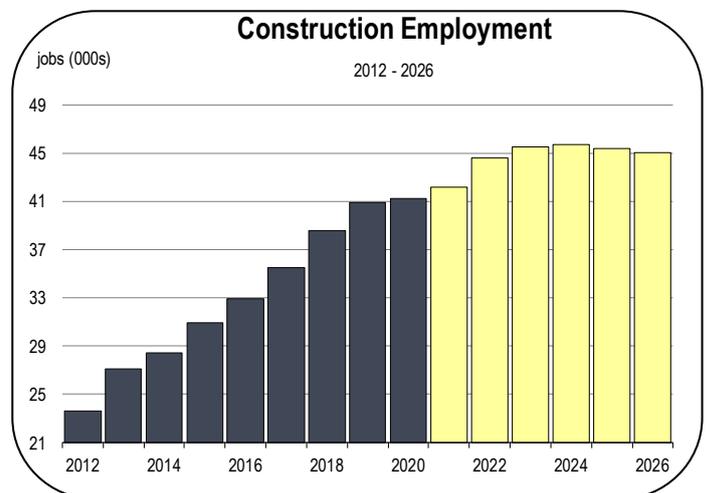
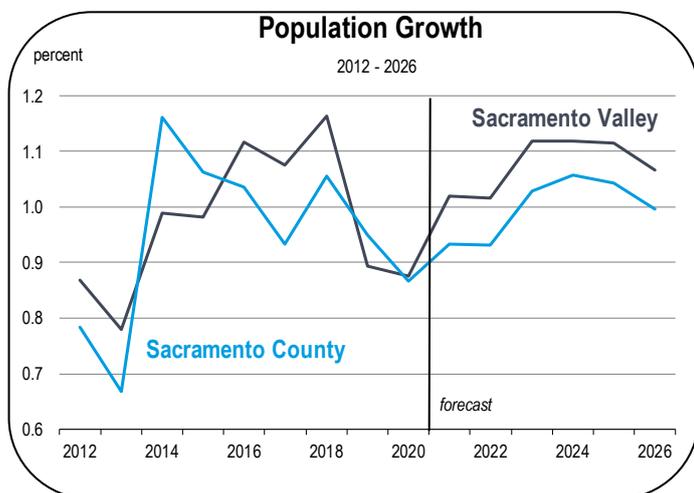


Job Growth

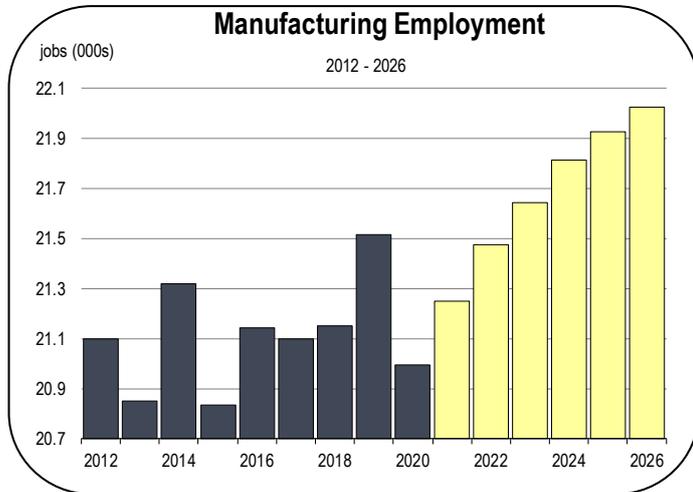
- Total employment in Sacramento County will expand by 3.1 percent in 2021 on an annual average basis.
- Between 2022 and 2026, job growth will average 1.9 percent.

Construction Employment

- The construction workforce in the county has doubled in size since 2011. The pandemic did not interrupt this growth trend because total employment was higher in 2020 than in 2019.
- Over the next 5 years, thousands of new units will be started and completed in Sacramento City and County. Employment within the construction trades is forecast to expand through 2024 or beyond.

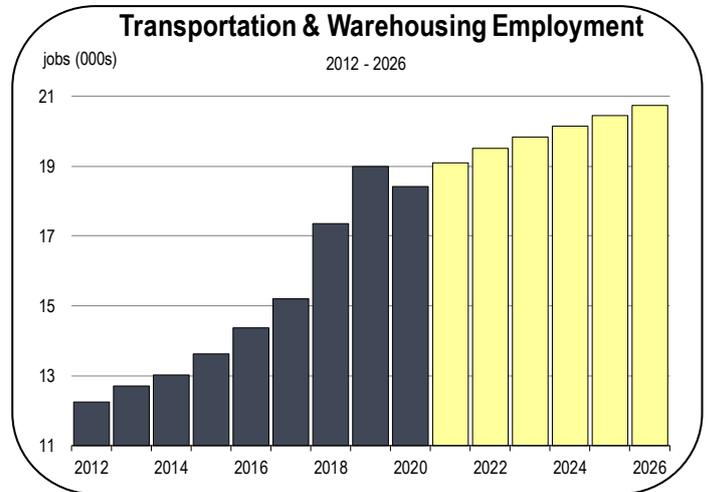


Sacramento County Economic Forecast



Manufacturing Employment

- Sacramento County has a high concentration in food and beverage manufacturing, computer and electronics manufacturing, and transportation equipment manufacturing.
- The largest manufacturing company is Intel with over 6,000 employees in Folsom. Siemens Mobility employs an estimated 1,500 workers in Sacramento.
- The industry is a composite of many types of manufactured products and manufacturing firms, including Tesla, Nike, Pepsi, Red Bull, and the Permanente Medical Group.
- Total employment in the broader industry has remained relatively constant since 2012. No extraordinary growth in manufacturing is forecast over the next 5 years, though longer term, a contraction is likely due to robotics and other advances in technology.



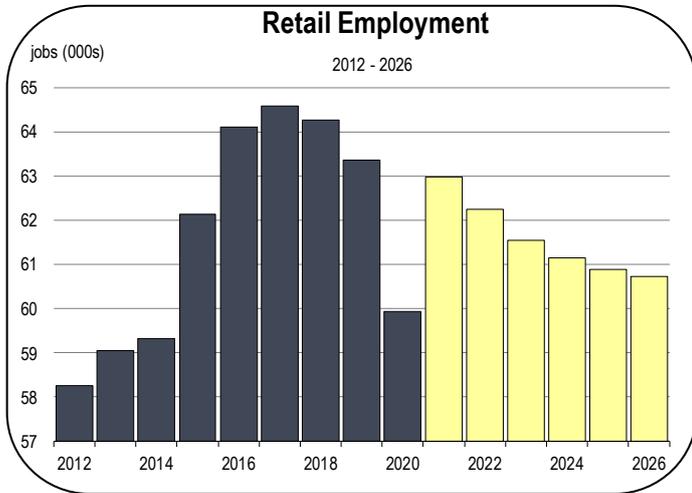
Transportation and Warehousing Employment

- Most transportation jobs in Sacramento County are in trucking and warehousing, where firms deliver goods to and from businesses and store these goods in logistics facilities. Trucking and warehousing firms expanded quickly during 2020.
- A meaningful number of jobs are in delivery firms like UPS and FedEx. Delivery firms hired large numbers of workers during 2020 in response to a surge in online shopping and direct-to-consumer shipping.
- Local airports, including Sacramento International Airport, and public transit firms issued layoffs during 2020 and will not begin to restore most of those jobs until the second half of 2021.
- This sector embodies the effects of consumer substitution from local retail centers to online acquisition of goods. Warehouse, distribution centers and fulfillment center jobs are consequently becoming substituted for retail jobs at stores. The industry is forecast to create job opportunities over the indefinite future.



Link Logistics Real Estate has begun construction on this 477,020 square foot logistics building at 6101 Midway St. in Sacramento.

Sacramento County Economic Forecast

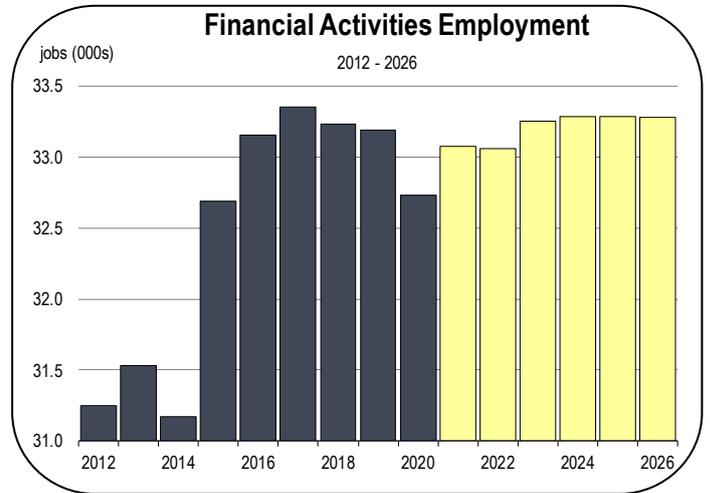
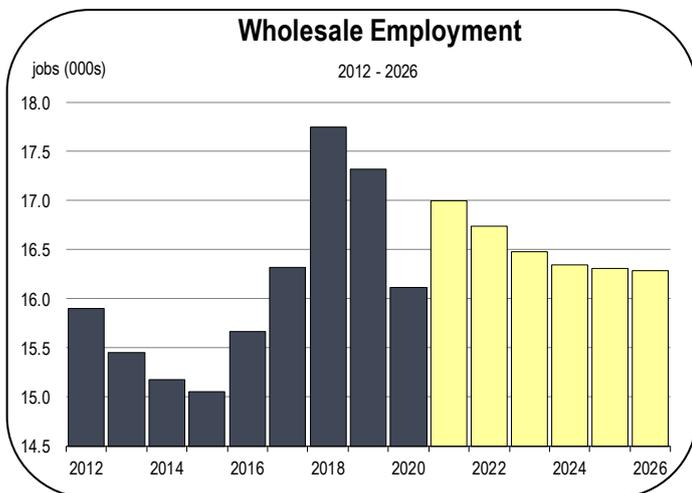


Retail Trade Employment

- Retail jobs that were lost with the economic shutdowns during 2020 are mostly recovered in 2021, but the substitution by consumers to purchase goods online over local retail stores is creating the disruption in the retail trade labor market.
- Employment will not fade away much, but it is not forecast to grow either.

Wholesale Trade Employment

- The sector rebounds in 2021 but substitution of wholesale distribution jobs into warehousing and fulfillment/distribution center jobs is a particular trend in many regions of California. Sacramento may be one of those regions.

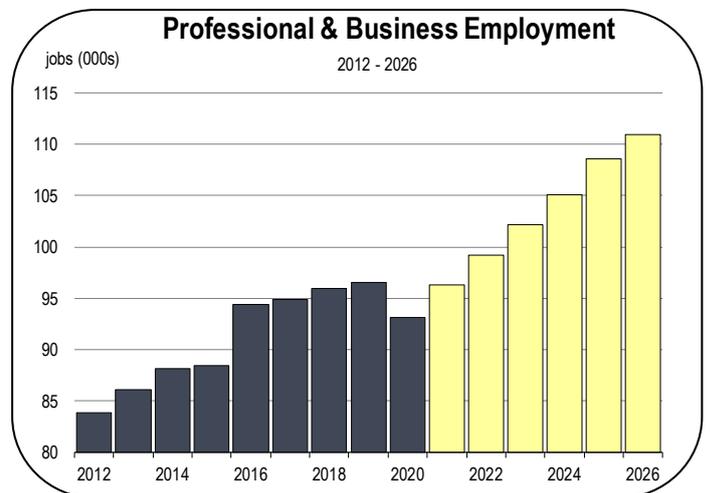


Financial Activities Employment

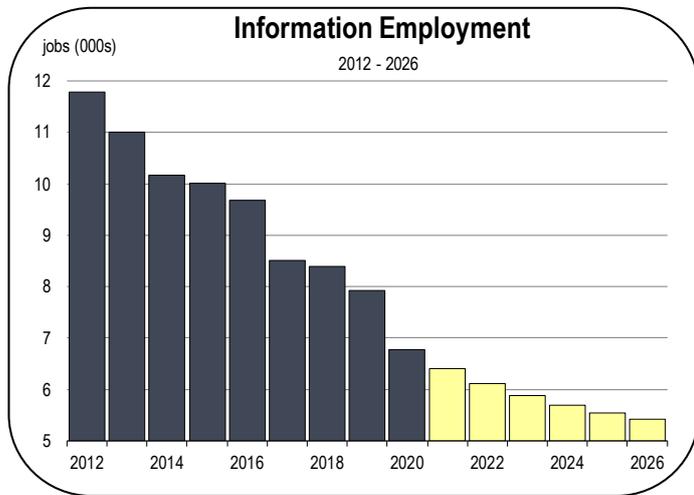
- The Sacramento County financial activities industry is mostly comprised of real estate companies, banks, and insurance firms.
- The industry maintains existing workforce levels over the forecast. Minimal growth characterized any of the subsectors in this industry between 2014 and 2020 which represented an expansive economy with a growing population in the County.

Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.
- The largest losses were staffing agencies, which typically employ temp workers.



Sacramento County Economic Forecast



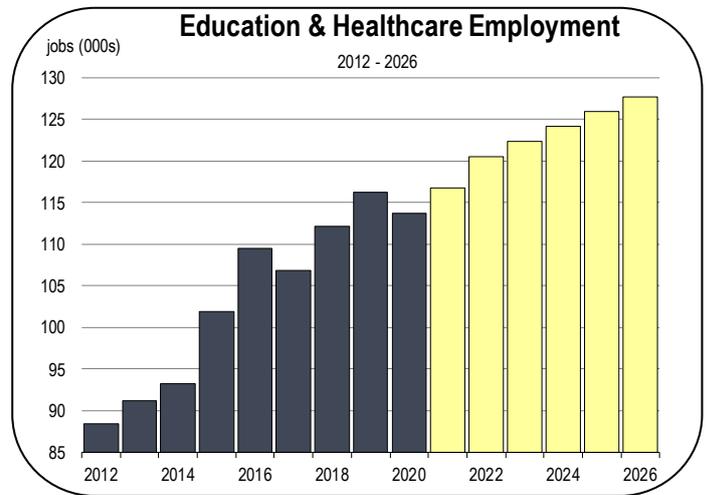
- Temp workers are usually the first to be laid off during a recession and the first hired back during the recovery.
- The professional and business services sector is destined to create a major share of future jobs in Sacramento County over the next several years.
- Professional services represent many of the technology services companies that provide design and consulting services to high tech product manufacturers both domestically and internationally.

Information Employment

- In Sacramento County, the information sector is dominated by telecommunications companies like Comcast, radio & TV production studios, newspapers, and data/Internet services firms.
- The decline in job opportunities in information is the consequence of changing technologies that have resulted in downsizing the domestic telecommunications industry, cable and subscription programming, libraries, movie theaters, book, newspaper, and periodical publishing.
- This is no less true for the Sacramento information market. Employment growth will remain in software publishing, Internet publishing and broadcasting, data processing and website hosting, some radio and TV, and video production.
- These subsectors will effectively define the principal manner in which information is delivered to consumers now and in the future.

Private Education and Healthcare Employment

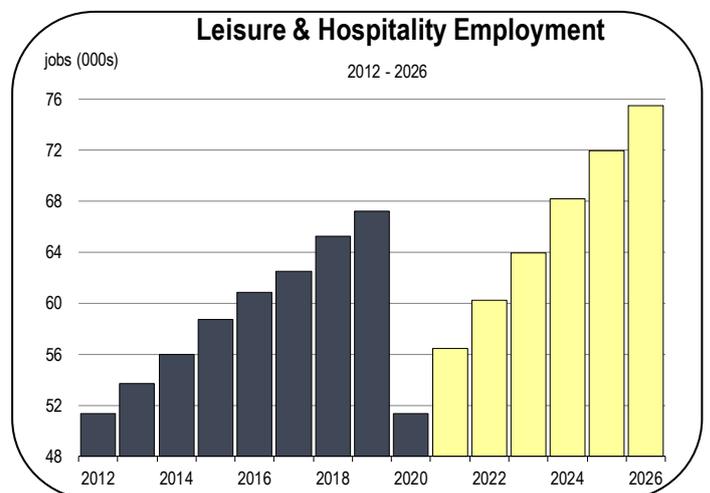
- Sutter Medical, Mercy General Hospital, and Kaiser Permanente are some of the largest employers in the County.



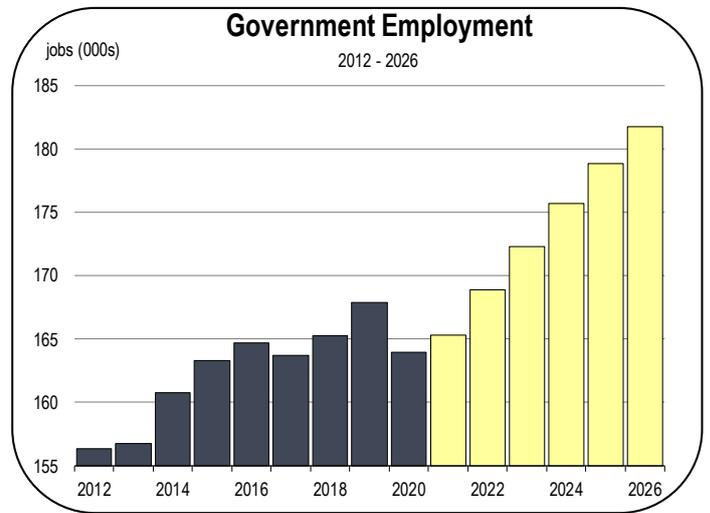
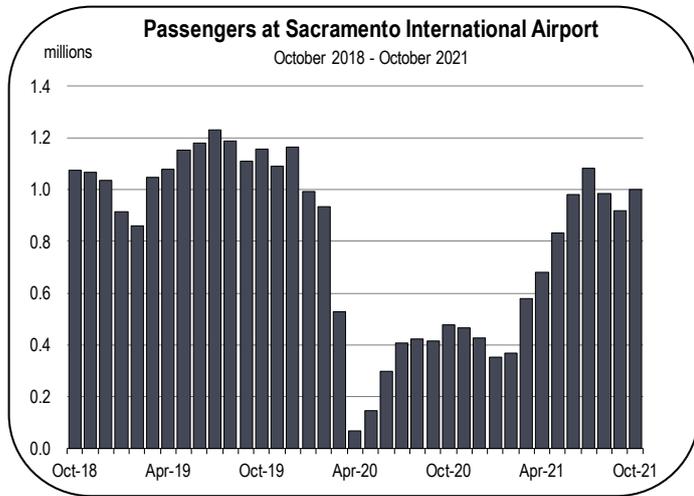
- Employment at doctors and dentist offices contracted modestly. Private schools and tutoring centers declined sharply.
- An expansion of the healthcare sector occurs in tandem with the aging of the regional population.
- The senior citizen cohort rises from 16 percent of the population in 2020 to 22 percent by 2050.
- Healthcare becomes one of the fastest growing labor markets adding 14,000 workers between 2020 and 2026.

Leisure and Hospitality Employment

- Leisure and hospitality firms were impacted by restricted business conditions more than any other type of company, but compared to greater California, Sacramento County employment declined less in this sector.



Sacramento County Economic Forecast



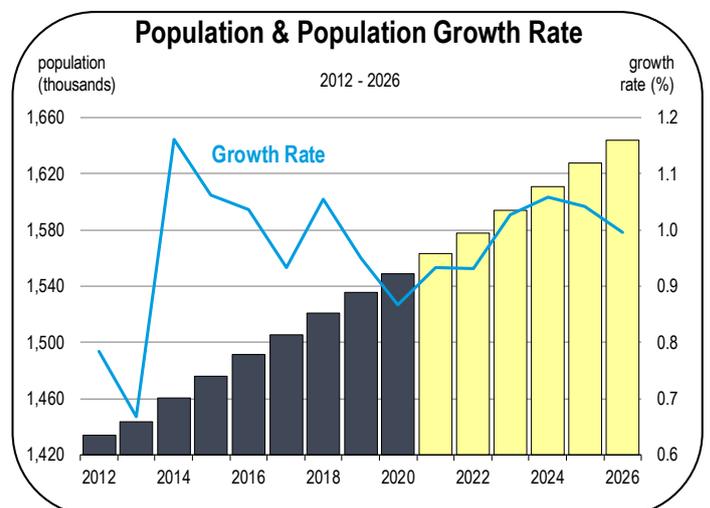
- On an annual average basis, 9,400 jobs were lost at restaurants and bars, a decline of 18 percent.
- More than 1,300 jobs were lost at hotels and motels (25 percent) and more than 2,700 jobs were lost at gyms, fitness centers, performing arts centers, and professional sports teams (30 percent).
- Leisure and hospitality employment could rebound sharply in the second half of 2021.
- Visitor and business travel are critical to the leisure and hospitality industry. Passenger traffic through Sacramento International Airport was anemic in the early stage of the pandemic but began to rebound in mid-2021.
- California plans to lift most business restrictions in June 2021, which could pave the way for a surge in travel, dining, drinking, and recreation throughout Sacramento County.
- Jobs are recovered this year and next, but complete recovery is not forecast until 2024.

Government Employment

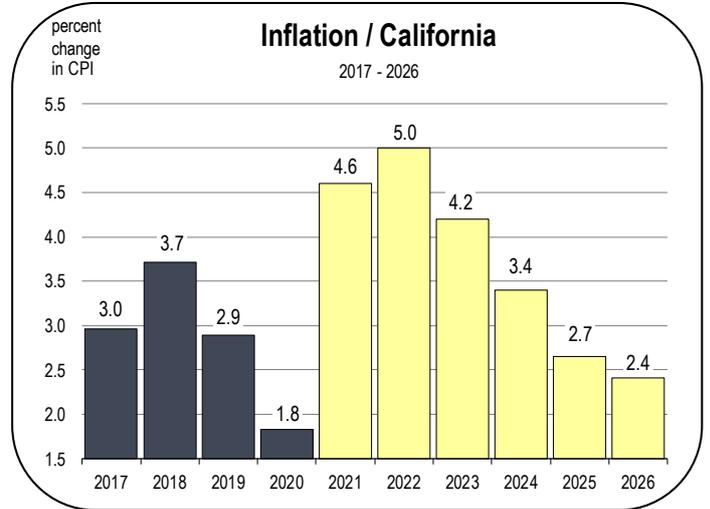
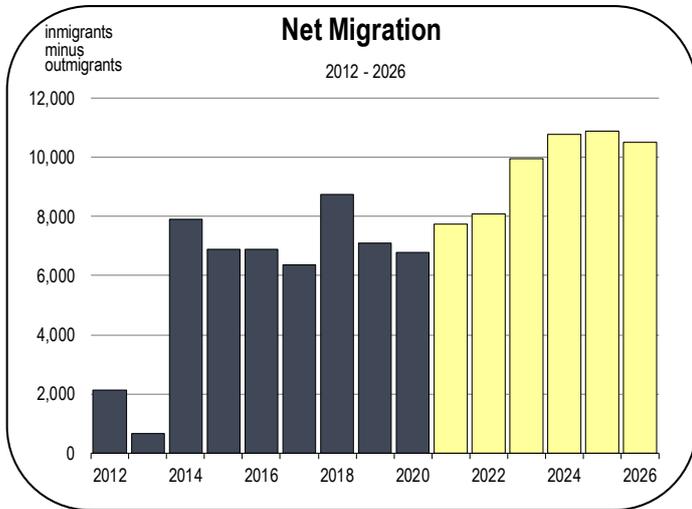
- State and local government agencies lost 4,400 jobs during 2020.
- Federal government agencies added 500 jobs in 2020, but this was mainly due the Decennial Census, which creates temporary government jobs every 10 years.
- Some state and local government positions will be restored in fiscal 2022 (beginning in July 2021) with the commencement of in-person schools in the Fall of 2021 and with federal grants to cities and counties from the American Rescue Plan that will help to offset fiscal 2021 deficits.

Population Growth

- A continuation of the relatively high rate of growth of Sacramento County population is expected over the forecast period.
- The growth of the population is principally due to new migrants, many from the Bay Area but from other states as well.
- New development of housing which remains affordable is the principal reason for the attraction of migrants, together with expanding job opportunities not only in Sacramento County but in adjacent Placer County.
- The population will expand at an annual average rate of 1.0 percent per year from 2021 to 2026. By 2026 the Sacramento County population will approach 1.65 million residents.



Sacramento County Economic Forecast



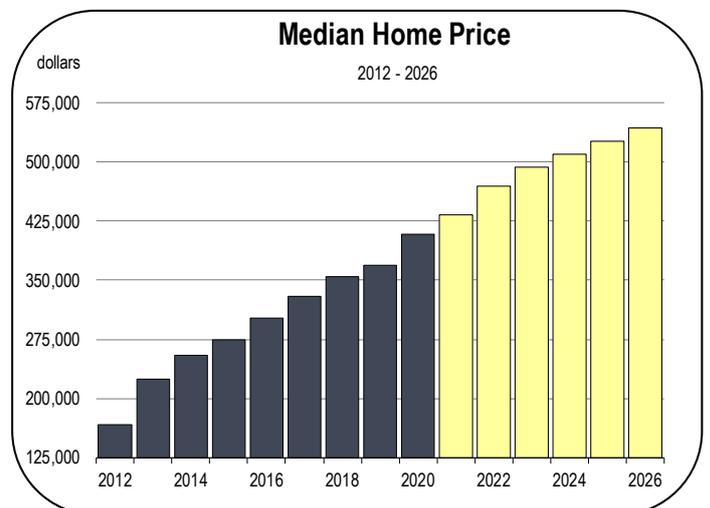
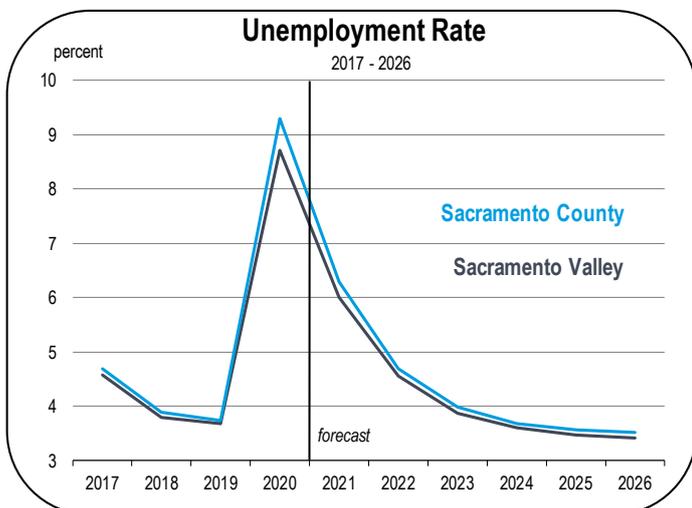
Unemployment and Inflation Rates

- The unemployment rate in Sacramento County averaged 9.3 percent in 2020. The current rate is 7.4 percent.
- An unemployment rate below 5.0 percent signifies a fully employed workforce in Sacramento County.
- The unemployment rate is expected to average 6.3 percent in 2021 and 4.7 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged. Inflation soared in 2021 and is expected to remain elevated for several years.
- Ultimately, inflation will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.

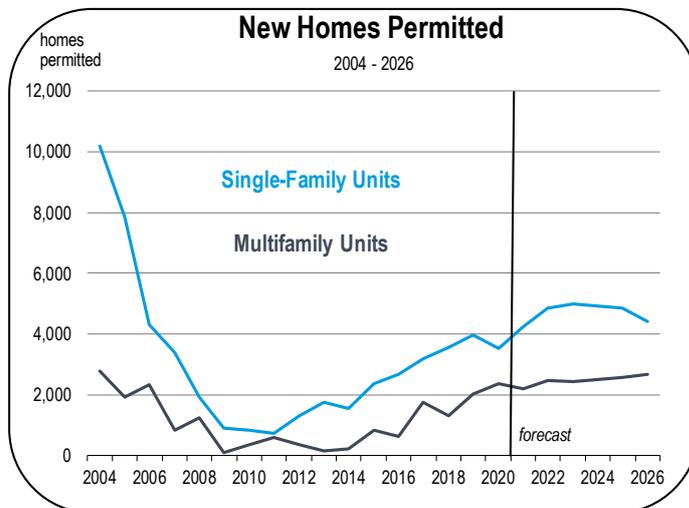
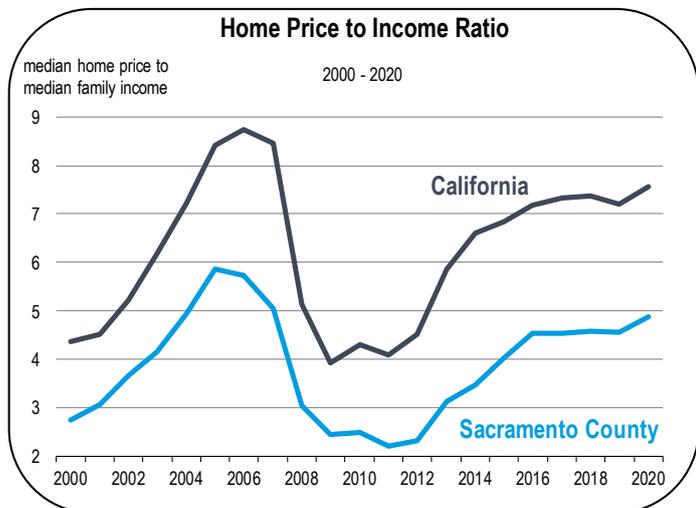
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- In 2020 the median home price in Sacramento County was \$407,700, an increase of 10 percent from the previous year.
- Homes in Sacramento County are more affordable than homes across California, especially Coastal California.
- In Sacramento County, the typical household spends less than 25 percent of its pre-tax income on mortgage payments or rent because the county has reasonable home prices and relatively high-paying jobs.



Sacramento County Economic Forecast



- Along Coastal California the typical household spends more than 35 percent of income on housing costs, and in very expensive markets like San Francisco, housing costs often account for more than 50 percent of income.
- From 2015 to 2020, an average of 4,700 new homes were started per year in Sacramento County each year. Approximately 70 percent were single-family homes.
- Housing production is expected to average 7,200 homes per year from 2021 to 2026, consisting primarily of single-family homes.

The Hyatt Centric

- A renovation of the Marshall Hotel will upgrade the historic building and add an adjacent 10 story building. The 104,000 SF project has 165 rooms and 6,546 SF of ground floor retail.

Rancho Murieta North Project

- Located in Rancho Murieta, the project proposes 827 single-family lots on approximately 338 acres (in 8 villages) approximately 393 acres of parks, recreation, and open space; and 40 acres of commercial uses.

Downtown Sacramento

- There are many units under construction downtown and hundreds more in planning.
- Over the next 5 years, thousands of new units will be started and completed in Sacramento City and County. It is likely that employment within the construction trades in the County will expand through 2024 or beyond.
- River One is a hybrid apartment-hotel project of 57 residential units and 193 hotel rooms.
- The former Clarion Hotel will be replaced by a 180,000 square feet mixed-use residential project dubbed the The Mansion. The project will include 186 market rate apartment units and 3,010 square feet of retail space.



The Hyatt Centric

Sacramento County Economic Forecast

Projects Under Construction in the City of Sacramento

- Sacramento Commons Phase 1 (436 residential units) 17 Central (111 apartments), The Frederic (162 condominiums), Wexler on 65 (184 units for Sacramento State students).

Northborough

- The current project proposal would develop up to 1,127 homes as well as an elementary school, parks, and a community recreation center and a community sports park. The project is approved. The Northborough project is part of the Elverta Specific Plan which now has a maximum holding capacity of 4,950 residential units. Tract maps have been prepared.

Barrett Ranch East Project

- The Barrett Ranch East project was approved by the Board of Supervisors in June 2017. The project applicant is currently working on obtaining Federal permits before development can begin. The project is located north of Antelope Road, on the east and west sides of Don Julio Boulevard. Approved uses include 497 single-family lots, up to 196 multi-family units, two commercial lots and two parks.

The AJ

- The AJ is a downtown project with 345 residential units and 5,000 SF of commercial space that includes a swimming pool.



The AJ

Sacramento County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	1,475,961	525.5	6,892	3,173	1,275	\$72	\$15	\$22	\$7.5	\$55,527	6.0	\$538	1.4
2016	1,491,244	529.8	6,875	3,277	1,313	\$74	\$16	\$23	\$7.0	\$55,747	5.4	\$567	2.3
2017	1,505,151	533.4	6,376	4,915	1,301	\$77	\$17	\$25	\$6.7	\$55,912	4.7	\$539	3.0
2018	1,521,033	538.5	8,738	4,884	1,318	\$82	\$17	\$25	\$7.0	\$56,189	3.9	\$545	3.7
2019	1,535,469	543.7	7,104	5,984	1,357	\$86	\$18	\$27	\$7.1	\$56,873	3.7	\$469	2.9
2020	1,548,771	548.1	6,770	5,904	1,358	\$89	\$18	\$27	\$7.4	\$57,520	9.3	\$460	1.8
2021	1,563,231	553.2	7,741	6,442	1,363	\$92	\$19	\$28	\$7.4	\$57,483	6.3	\$464	4.6
2022	1,577,786	559.2	8,087	7,313	1,373	\$96	\$19	\$28	\$7.5	\$57,936	4.7	\$462	5.0
2023	1,594,004	566.1	9,953	7,425	1,382	\$100	\$19	\$29	\$7.6	\$58,823	4.0	\$459	4.2
2024	1,610,869	573.1	10,774	7,403	1,391	\$105	\$20	\$29	\$7.8	\$59,661	3.7	\$457	3.4
2025	1,627,665	580.0	10,883	7,407	1,400	\$111	\$20	\$30	\$7.9	\$60,511	3.6	\$455	2.7
2026	1,643,880	587.0	10,506	7,069	1,408	\$115	\$20	\$30	\$8.0	\$61,085	3.5	\$454	2.4
2027	1,658,858	593.6	9,528	6,747	1,416	\$120	\$20	\$30	\$8.1	\$61,754	3.5	\$452	2.2
2028	1,672,731	600.0	8,711	6,199	1,425	\$125	\$21	\$31	\$8.2	\$62,471	3.5	\$450	2.3
2029	1,685,272	605.8	7,657	6,150	1,434	\$130	\$21	\$32	\$8.3	\$62,780	3.5	\$448	2.2
2030	1,697,282	611.6	7,428	6,050	1,444	\$135	\$22	\$33	\$8.3	\$63,267	3.4	\$446	2.2
2031	1,708,001	617.2	6,672	6,150	1,454	\$139	\$23	\$34	\$8.4	\$63,710	3.5	\$444	2.3
2032	1,718,197	623.0	6,678	5,967	1,464	\$144	\$23	\$35	\$8.5	\$63,880	3.5	\$442	2.2
2033	1,727,657	628.6	6,430	5,895	1,473	\$149	\$24	\$36	\$8.6	\$64,527	3.4	\$441	2.0
2034	1,736,674	634.2	6,453	5,863	1,481	\$154	\$25	\$37	\$8.7	\$65,084	3.5	\$439	2.1
2035	1,745,996	639.7	7,175	5,750	1,487	\$160	\$25	\$38	\$8.8	\$65,622	3.4	\$437	2.1
2036	1,755,058	645.1	7,258	5,743	1,495	\$165	\$26	\$39	\$8.8	\$66,824	3.4	\$436	2.2
2037	1,764,227	650.5	7,656	5,600	1,502	\$171	\$27	\$40	\$8.9	\$66,984	3.4	\$434	2.2
2038	1,773,080	655.7	7,646	5,659	1,509	\$177	\$28	\$42	\$8.9	\$66,339	3.4	\$432	2.2
2039	1,782,118	661.0	8,090	5,618	1,517	\$183	\$29	\$43	\$9.0	\$66,562	3.4	\$431	2.2
2040	1,791,205	666.3	8,555	5,631	1,524	\$190	\$30	\$44	\$9.0	\$66,788	3.4	\$429	2.1
2041	1,799,958	671.6	8,565	5,546	1,531	\$196	\$31	\$46	\$9.1	\$67,305	3.4	\$428	2.2
2042	1,808,006	676.8	8,112	5,547	1,537	\$203	\$31	\$47	\$9.2	\$67,858	3.4	\$426	2.1
2043	1,815,601	682.0	7,905	5,462	1,542	\$210	\$32	\$48	\$9.3	\$68,462	3.4	\$425	2.0
2044	1,823,039	687.2	7,984	5,332	1,546	\$216	\$33	\$49	\$9.4	\$69,159	3.4	\$423	2.2
2045	1,829,886	692.2	7,633	5,326	1,549	\$223	\$34	\$50	\$9.5	\$69,736	3.4	\$422	2.2
2046	1,836,490	697.2	7,566	5,226	1,552	\$230	\$34	\$51	\$9.6	\$70,177	3.4	\$420	2.2
2047	1,842,276	702.1	6,916	5,246	1,555	\$237	\$35	\$53	\$9.7	\$70,410	3.4	\$419	2.2
2048	1,847,532	707.0	6,546	5,164	1,557	\$243	\$36	\$54	\$9.7	\$70,592	3.4	\$417	2.3
2049	1,852,256	711.9	6,217	5,090	1,559	\$250	\$37	\$55	\$9.8	\$71,023	3.4	\$416	2.0
2050	1,856,344	716.6	5,857	5,027	1,561	\$258	\$38	\$57	\$9.8	\$71,400	3.4	\$415	2.1

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	621.3	2.7	31.0	20.8	13.6	77.2	32.7	88.4	10.0	102.0	58.7	163.3
2016	644.0	2.2	32.9	21.1	14.4	79.8	33.2	94.4	9.7	109.5	60.8	164.7
2017	648.3	3.2	35.5	21.1	15.2	80.9	33.4	94.9	8.5	106.8	62.5	163.8
2018	665.5	2.6	38.6	21.2	17.4	82.0	33.2	96.0	8.4	112.2	65.2	165.3
2019	677.6	2.5	40.9	21.5	19.0	80.7	33.2	96.5	7.9	116.3	67.3	167.9
2020	641.5	2.4	41.3	21.0	18.4	76.0	32.7	93.1	6.8	113.8	51.4	163.9
2021	661.4	2.4	42.2	21.2	19.1	80.0	33.1	96.3	6.4	116.8	56.5	165.3
2022	678.6	2.4	44.6	21.5	19.5	79.0	33.1	99.2	6.1	120.5	60.2	168.9
2023	691.7	2.4	45.5	21.6	19.8	78.0	33.3	102.2	5.9	122.4	63.9	172.3
2024	704.7	2.4	45.7	21.8	20.1	77.5	33.3	105.1	5.7	124.2	68.2	175.7
2025	717.1	2.4	45.4	21.9	20.4	77.2	33.3	108.6	5.5	126.0	72.0	178.8
2026	727.9	2.4	45.1	22.0	20.7	77.0	33.3	110.9	5.4	127.7	75.5	181.8
2027	738.5	2.4	44.2	22.1	21.0	76.8	33.3	114.1	5.3	129.4	78.9	184.4
2028	748.8	2.4	43.2	22.2	21.3	76.8	33.3	117.4	5.2	131.1	82.0	186.9
2029	758.2	2.4	42.1	22.2	21.5	76.9	33.3	120.4	5.2	132.8	84.9	189.2
2030	769.5	2.4	42.0	22.3	21.8	77.2	33.2	124.5	5.1	134.4	87.6	191.2
2031	777.0	2.3	41.7	22.3	22.0	77.1	33.2	126.4	5.1	136.0	89.6	193.1
2032	784.2	2.3	41.5	22.3	22.2	77.2	33.2	128.3	5.1	137.6	91.2	194.8
2033	790.2	2.3	40.8	22.3	22.5	77.3	33.2	130.1	5.0	139.1	92.4	196.3
2034	796.2	2.3	40.5	22.3	22.7	77.5	33.1	131.9	5.0	140.6	93.5	197.7
2035	801.6	2.3	40.4	22.3	22.9	77.5	33.1	133.5	5.0	142.1	94.2	199.0
2036	806.8	2.3	40.2	22.3	23.1	77.7	33.0	134.9	5.0	143.6	95.0	200.1
2037	811.7	2.3	40.1	22.3	23.2	77.9	33.0	136.3	5.0	145.0	95.7	201.2
2038	816.5	2.2	39.9	22.3	23.4	78.2	33.0	137.6	5.0	146.4	96.4	202.1
2039	821.4	2.2	39.9	22.2	23.6	78.3	33.0	138.9	5.0	147.8	97.1	203.0
2040	825.9	2.2	39.9	22.2	23.8	78.5	33.0	140.3	4.9	149.1	97.7	203.7
2041	830.0	2.2	39.9	22.2	23.9	78.4	33.0	141.4	4.9	150.4	98.4	204.4
2042	833.8	2.2	39.7	22.2	24.1	78.4	33.1	142.6	4.9	151.7	99.0	205.1
2043	837.7	2.2	39.6	22.2	24.2	78.2	33.1	143.8	4.9	152.9	99.8	205.7
2044	841.3	2.2	39.4	22.2	24.3	78.2	33.1	144.8	4.9	154.2	100.5	206.2
2045	844.7	2.2	39.2	22.1	24.5	78.1	33.1	145.8	4.9	155.3	101.2	206.7
2046	847.9	2.1	39.1	22.1	24.6	78.1	33.1	146.7	4.9	156.5	101.9	207.1
2047	850.8	2.1	38.9	22.1	24.7	78.0	33.0	147.6	4.9	157.7	102.5	207.5
2048	853.7	2.1	38.9	22.1	24.8	77.9	33.0	148.4	4.9	158.8	103.1	207.9
2049	856.2	2.1	38.7	22.0	24.9	77.7	33.0	149.1	4.9	159.9	103.7	208.2
2050	858.6	2.1	38.5	22.0	25.0	77.7	33.0	149.7	4.9	160.9	104.2	208.6

Sacramento County Economic Forecast

Socioeconomic Indicators

